

Message Text

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ORIGIN EB-08

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DRAFTED BY EB/OT/GCP:MBAAS:ME
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STR:SLANDE

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TO AMEMBASSY MANILA NIACT IMMEDIATE
WHITE HOUSE IMMEDIATE NIACT 0213
INFO USMISSION GENEVA IMMEDIATE
WHITE HOUSE PASS VICE PREIDENT'S AIRCRAFT 0214

C O N F I D E N T I A L STATE 110990

V.P. AIRCRAFT FOR BIEGING AND HEGINBOTHAM, FOR VICE PRESIDENT
FROM EB:HORMATS

E.O. 11652: GDS

TAGS: OVIP (MONDALE, WALTER F.), ECON, PFOR, RP, US

SUBJECT: VICE PRESIDENT'S VISIT TO PHILIPPINES: COCONUT
OIL AND PLYWOOD

REF: MANILA 6979

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1. AS I MENTIONED TO YOU, OIL AND PHILIPPINE MAHOGANY PLY-
WOOD ARE THE TWO ITEMS OF PRINCIPAL INTEREST TO THE PHILIP-
PINES ON OUR MTN TARIFF OFFER. SHOULD PRESIDENT MARCOS
ADDRESS THIS ISSUE WITH YOU IN ANY DETAIL, I WOULD SUGGEST
REPLY ALONG FOLLOWING LINES:

A) COCONUT OIL: WE HAVE TWO DIFFERENT OFFERS ON THE TABLE:

THE OFFER TABLED JANUARY 23, WHICH WAS TO CUT THE 5.8 PERCENT AD VALORUM EQUIVALENT TO 2.3 PERCENT AND THE TROPICAL PRODUCTS OFFER TABLED IN MARCH 1976, WHICH WAS TO REDUCE THE TARIFF TO ZERO. WHICH OFFER WE ACTUALLY IMPLEMENT WILL DEPEND ON THE NEGOTIATIONS AND THE CONTRIBUTIONS WE RECEIVE FROM THE PHILIPPINES, INCLUDING SPECIFICALLY THE REMOVAL OF THE LICENSING REQUIREMENT ON SOYBEANS AND SOYBEAN PRODUCTS.

B) PLYWOOD: THE US HAS OFFERED A 60 PERCENT CUT IN THE

TARIFF FROM 20 PERCENT TO 8 PERCENT. THIS IS OUR FULL AUTHORITY UNDER THE TRADE ACT. WE DO HAVE THE AUTHORITY TO CONSIDER ACCELERATED STAGING FOR PRODUCTS WHERE REQUESTED. HOWEVER, OUR ABILITY TO AGREE TO SUCH A REQUEST WILL DEPEND BOTH ON THE CONTRIBUTIONS WE RECEIVE FROM THE PRINCIPAL SUPPLYING COUNTRY AND THE SITUATION IN THE US DOMESTIC INDUSTRY.

2. IN GENERAL, I BELIEVE YOU SHOULD STRESS THAT US HAS A COMPREHENSIVE TARIFF OFFER ON THE TABLE WHICH, IF IMPLEMENTED, WOULD BE OF GREAT BENEFIT TO PHILIPPINES. HOWEVER, BECAUSE OF CONCERNS OF CONGRESS AND DOMESTIC PRODUCERS, US MUST BE ABLE TO DEMONSTRATE THAT MTN IS NOT A "GIVE AWAY" BUT THAT WE RECEIVE SOMETHING OF VALUE FOR OUR CONCESSIONS. WE ARE NOT SEEKING COMPLETE RECIPROCITY FROM LDS, BUT WE DO NEED CONTRIBUTIONS. IN THIS REGARD, CONFIDENTIAL

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US SUBMITTED REQUEST LISTS TO GOP IN MARCH 1976 IN GROUP TROPICAL PRODUCTS, AND IN NOVEMBER, 1977 AND MARCH, 1978 IN CONTEXT OF BROADER MTN.

3. DURING BILATERAL DISCUSSIONS APRIL 26-27, GOP MADE SOME OFFERS FOR WHICH WE ARE GRATEFUL. HOWEVER, THESE RESPONSES VIRTUALLY IGNORED OUR REQUESTS OF NOVEMBER 77 AND MARCH 78. IN ORDER FOR US TO MAINTAIN OUR CURRENT OFFER, NOT TO MENTION CONSIDERING POSSIBLE IMPROVEMENTS, WE WILL NEED MORE FORTHCOMING RESPONSE FROM PHILIPPINES. WE HOPE THAT SUCH RESPONSE WILL BE MADE AT NEXT ROUND OF BILATERAL DISCUSSIONS SCHEDULED TO BEGIN IN GENEVA MAY 16.

4. IN SUM, OUR REQUESTS ARE ON THE TABLE, BUT WE HAVE RECEIVED ONLY MINIMAL RESPONSE FROM GOP. UNTIL WE HAVE RECEIVED MORE COMPLETE RESPONSE IT IS IMPOSSIBLE FOR US TO BE MORE SPECIFIC ON OUR PRODUCT REQUESTS.

5. FYI: EMBASSY MANILA HAS FULL COPIES OF US REQUEST LISTS. END FYI.

6. ADDITIONAL INFORMATION, INCLUDING RESPONSE TO
MONTI 1, WILL FOLLOW. CHRISTOPHER

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NNN

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